
Minutes

Board of Natural Resources Meeting

July 1, 2008
Natural Resources Building, Olympia, Washington

BOARD MEMBERS PRESENT

The Honorable Doug Sutherland, Commissioner of Public Lands

Daniel J. Bernardo, Dean, Washington State University, College of Agricultural, Human, and Natural Resource Sciences

The Honorable Jon C. Kaino, Commissioner, Pacific County

Bob Nichols, for the Honorable Christine Gregoire, Washington State Governor

BOARD MEMBERS ABSENT

Bruce Bare, Dean, University of Washington, College of Forest Resources

The Honorable Terry Bergeson, Superintendent of Public Instruction

CALL TO ORDER

Chair Sutherland called the meeting to order at 9:08 a.m. on July 1, 2008, in Room 172 of the Natural Resources Building.

APPROVAL OF MINUTES

MOTION: Bob Nichols moved to approve the June 3, 2008, Board of Natural Resources Meeting Minutes.

SECOND: Dan Bernardo seconded.

ACTION: Motion passed unanimously.

PUBLIC COMMENTS FOR AGENDA ACTION ITEMS

Jerome Coke, Vancouver Parks and Recreation Department on behalf of Clark County, approached the Board and thanked them for considering the Camp Bonneville Trust Land Transfer. He said that this is an important step in the county's vision for a new regional park at Camp Bonneville in Clark County. He offered his assistance if any questions arise during the presentation.

TIMBER SALES (Action Item)

Proposed Timber Sales for August & September 2008 (Handout 1)

Jon Tweedale, Assistant Division Manager, Product Sales & Leasing Division, greeted the Board and provided the timber sales presentation for the months of August and September. He noted that a forest improvement sale has been added to the July sales packet because of timing

1 restrictions and weather conditions. He said that half of the Rue Creek contract harvest sale
2 has been sold and will be contract harvested. The Department has sold 42percent of the
3 blowdown and 90percent will be sold by July; by August 100percent of the blowdown will have
4 been sold.

5
6 Jon Kaino asked if the second part of the Rue Creek sale will be contracted like the first half.

7
8 Mr. Tweedale replied that it will and the contractor will be the same; it was split in two phases
9 because of the size and commitment the purchaser is making.

10
11 Chair Sutherland commented that the blowdown functions it took extraordinary effort from staff
12 and he is amazed at the capabilities of the staff that put these sales together on top of their
13 regular duties. He said he holds those efforts in high regards.

14
15 Mr. Tweedale thanked Commissioner Sutherland and said that he will pass the comments
16 along. He said that staff from all over the state helped in the process.

17
18 Mr. Tweedale noted that market bidding is still strong and there is good participation from
19 purchasers. Market prices for lumber have come up enough to allow some mills to operate
20 profitably, which is needed for the blowdown and the regular sales program. Lumber prices are
21 flat but stumpage price have stabilized. Some of the industrial wood industry has stayed on the
22 sidelines but the majority is still operating; the market is adapting slightly.

23
24 Chair Sutherland asked Mr. Tweedale to explain what industrial wood is.

25
26 Mr. Tweedale said that industrial wood is the private industries such as Weyerhaeuser, Rainier,
27 and real estate investment trusts that manage the pension funds' timber lands. They have
28 adjusted their cuts slightly downward, but the market has come up and they are still selling. He
29 noted that Weyerhaeuser's new mill in Longview is going online in July, and is a very large and
30 efficient mill that will be taking 200 loads of logs a day. He said this will be helpful for the
31 blowdown and prices have edged up for pulp wood and the size of wood that mill will take. It is
32 anticipated that the supply movement of logs will change for certain mills and that the mill will be
33 absorbing a fair amount of production. He said that Canadian curtailments continue to deepen
34 because the exchange rate is not in their favor, they are operating with inefficient mills, and
35 transportation costs keep rising. Old mills will be replaced with more efficient ones and over
36 time that market will come back.

37
38 Chair Sutherland asked if the Weyerhaeuser plant in Cosmopolis will affect the market.

39
40 Mr. Tweedale said that it would and that it already has. The anticipation of pulp wood being
41 absorbed by that mill has raised prices, for example in Molalla; Boise Cascade is feeling a pinch
42 for fiber and has come on the market pretty strong in certain areas. The pulp mills are
43 positioning themselves and he thinks it will create a much more competitive market. The Pope
44 and Talbot Mill that went into receivership was sold and had been curtailed, but it is now coming

1 back online. Even though it is located Oregon, that mill's activation will help improve prices and
2 tighten the supply.

3
4 Chair Sutherland asked about the new chipper in Yakima.

5
6 Mr. Tweedale said that his staff did some work in business development and is proud that they
7 helped to facilitate the placement of a new chipper in Yakima. The chipper has helped the
8 Forest Improvement Program by bringing in new jobs and allowing the continuing forest
9 improvement treatments on the eastside. He went on to review volume over time, noting that
10 DNR sold 662 mmbf this year which is the first time since 1991.

11
12 June 2008 Sales Results:

- 13 ▪ 18 sales offered & 17 sold; 73.3 mmbf offered & 72.3 mmbf sold; \$13.7 million
14 minimum bid & \$13.3 million sold; \$170/mbf offered & \$224/mbf sold; average
15 number of bidders = 3.5

16
17 July 2008 Addition:

- 18 ▪ Little Joe FIT Sorts in southeast Region; 351 treatment acres; 3 sorts; 1,500/mbf;
19 \$544,808 minimum bid (delivered).

20
21 Proposed August 2008 Board Sales:

- 22 ▪ 9 sales at 34.9 mmbf; \$6.6 million minimum bid; average \$189/mbf.
23 There were no SEPA comments. There are three sales that have not made it
24 through the Forest Practice appeal period but will be completed by the time they
25 go to auction. The Buckhorn Thinning sale has a value set at the region
26 minimum; the sale is located in the Toutle watershed near the Mt. St. Helens
27 area. The Toutle watershed is single age class containing 30 to 40 year old
28 timber. The timber is in a rain on snow area which means that there are
29 restrictions requiring the Department to maintain at 66 percent in 25 year old
30 stands or more. Thinning and partial cut activity needs to be started to bring that
31 watershed into rotation.

32
33 Proposed September 2008 Board Sales:

- 34 ▪ 8 sales at 37.8 mmbf; \$7.6 million minimum bid; average \$200/mbf. There were
35 two SEPA comments, and two sales that have not completed the Forest Practice
36 appeal period but will be completed by the time they go to auction. One variable
37 density treatment (VDT) sale named North Mountain thinning was added; the
38 sale is in NRF owl habitat management area. The area is being thinned to create
39 habitat and to generate revenue, which accomplishes multiple objectives.

40
41 MOTION: Jon Kaino moved to approve the July 2008 addition.

42
43 SECOND: Bob Nichols seconded.

44
45 ACTION: Motion passed unanimously.

1
2
3 MOTION: Bob Nichols moved to approve the August 2008 timber sales.
4

5 SECOND: Jon Kaino seconded.
6

7 ACTION: Motion passed unanimously.
8
9

10 MOTION: Bob Nichols moved to approve the September 2008 timber sales.
11

12 SECOND: Jon Kaino seconded.
13

14 ACTION: Motion passed unanimously.
15
16

17 LAND TRANSACTIONS 18

19 Hamma Hamma Balds Interdepartmental Exchange #86-081545 / Hamma Hamma Balds Trust
20 Land Transfer #02-081544 (Handouts 2 & 3)

21 Evert Challstedt, Property and Acquisition Specialist, reminded the Board members that this
22 transaction was presented at the June meeting but the (Mason) County Commissioners had not
23 been informed about the exchange. Mr. Kaino had asked Department staff to notify them before
24 bringing the exchange back for approval. Mr. Challstedt informed the Board that the (Mason)
25 County Commissioner's had responded that they are in favor of the exchange. He also said that
26 the staff did notify all County Commissioners of all the trust land transfer (TLT) projects at the
27 beginning of the biennium so they were aware of it, and they were aware of the Natural Areas
28 Program (NAP) boundary that was created in 2005.
29

30 With the board's concurrence, Mr. Challstedt provided a quick overview of the transaction that
31 was presented in detail at the June meeting. He discussed the natural heritage elements to be
32 protected, the three trusts involved, and components of the exchange and transfer values. Mr.
33 Challstedt concluded by asking the Board to approve the Hamma Hamma Balds
34 Interdepartmental Exchange and the Trust Land Transfer.
35

36 Mr. Kaino said that he requested and received information from staff about the NAPs and that
37 17 out of 81 current NAPs have management plans developed. He said the Board should be
38 concerned about this as they are approving one a month and that only one management plan
39 per year is being developed. He said he understands that it is a general fund issue, but he
40 asked if the Department is going to continue to adopt more lands into NAPs and NRCAs when it
41 knows it is not capable of completing management plans for them. He said about 45 of them
42 have interim plans that were developed in the late 1980s. He said the Department is not
43 following through on its promise to develop plans to guide the management of the lands.
44

45 Chair Sutherland said that this is a general fund issue. He explained that the TLT program is
46 directed and funded by the Legislature and that using capitol dollars for those transfers helps

1 build schools. At the same time the legislature is reticent to put money into the general fund
2 appropriation to complete the plans. The Department has expressed these concerns to the
3 legislature, and will continue to have conversations with them about the issue.

4
5 Bonnie Bunning added that Mr. Kaino pointed out an important issue and that the Department
6 has worked on a proposal to help deal with the issue through the next budget process, and is
7 looking at the process that is used to do the planning. She said that some sites need a higher
8 level of planning than others and the Department is looking at ways to be able to deal with them
9 more efficiently.

10
11 Mr. Kaino said that the plans he looked at are solid and seem to be well thought out. He said
12 the interim plans seem vague. He said that in the absence of a management plan he'd like to
13 see a default for public access to be allowed in NRCA's as well as NAP's.

14
15 Bonnie Bunning said the Department did revise its access policy a couple years ago to be less
16 restrictive while trying to maintain protection for the resources it's responsible for. She said the
17 Department can take another look at that.

18
19 Mr. Nichols asked when the assessment of efficiencies in the planning process could be
20 complete.

21
22 Ms. Bunning said that the conversations have just started and could be looked at by next fall
23 (2008).

24
25 Mr. Nichols asked if it would be done in tandem with the budget proposal to the upcoming
26 Legislature. He asked Mr. Kaino if it would be beneficial for the Department to provide the
27 Board with a report in the fall about increasing efficiencies in the planning process.

28
29 Mr. Kaino said that any step that would authorize more public access would be appropriate. He
30 doesn't agree with the default of no public access without a plan.

31
32 Bonnie Bunning said that there are places where public access is not the same issue as others
33 and will provide the Board with a report in November.

34
35 MOTION: Bob Nichols moved to adopt Resolution 1267 approving the Hamma Hamma
36 Balds Interdepartmental Exchange.

37
38 SECOND: Dan Bernardo seconded.

39
40 ACTION: Motion passed unanimously.

41
42 MOTION: Bob Nichols moved to adopt Resolution 1268 approving the Hamma Hamma
43 Balds Trust Land Transfer.

44
45 SECOND: Dan Bernardo seconded.

1
2 Jon Kaino voted opposed.

3
4 Chair Sutherland asked Christa Thompson if the Board needed four votes in favor to approve.

5
6 Christa Thompson, AAG, replied that four votes in favor are required to approve the motion.

7
8 Chair Sutherland said that he would hold the motion over to the next board meeting.

9
10 Bob Nichols asked if the vote on the exchange would hold.

11
12 Chair Sutherland said that the trust land transfer cannot be completed until the exchange is
13 completed.

14
15 Dan Bernardo asked if the transfer is not going to happen why the exchange would take place.

16
17 Chair Sutherland said that the resolution to make the interdepartmental exchange was
18 approved, but in the absence of a quorum the trust land transfer will be moved to the next
19 meeting

20
21 ACTION: The motion was deferred for reconsideration in September.

22
23 Scenic Heights Trust Land Transfer # 02-081929 (Handout #4)

24 The Department of Natural Resources proposes to transfer 38 acres, more or less, of Common
25 School Trust property located in Island County to Island County. Proceeds from the timber value
26 will be deposited into the Common School Construction Account. The land value proceeds will
27 be deposited to the Real Property Replacement Account and used to purchase replacement
28 property desirable for the Common School Trust. The property asset base of the Common
29 School Trust is improved by:

- 30 ▪ Disposing of property that is inefficient to manage for income.
31 ▪ Disposing of an isolated ownership geographically separated from other trust holdings.
32 ▪ Enabling replacement of the asset with property that has greater potential for income
33 production to provide future revenue to support public schools statewide.
34 ▪ Public trust benefits include transferring property to an agency to be held and managed
35 for public benefit.

36
37 The property is located approximately 2 miles South of Oak Harbor within Section 15, Township
38 32 North, Range 1 East, W.M., in Northwest Region. There are currently three encumbrances
39 on the property for county road, well rights, and an agricultural crop lease for grass, hay, grain,
40 and corn. The lease will be canceled. There are no improvements on the property. The present
41 income is \$1,116.64 annually. The market value of the 204 mbf of timber on the property is
42 \$65,000, and the land & reproduction value is \$435,000 for a total of \$500,000. The terms of
43 transfer are cash. The property is included in the 2007-2009 Biennium Trust Land Transfer
44 Program. Approval and funding for the transfer is authorized by Washington Laws of 2008, Ch.
45 328, Section 3042, and RCW 79.17.200. Transfer will be by quitclaim deed. Mineral rights will

1 be retained by the Common School Trust. As specified by legislation, permitted use will be
2 restricted to fish and wildlife, open space, or recreation purposes.

3
4 Evert Challstedt, Property and Acquisition Specialist, approached the Board to present the
5 Scenic Heights Trust Land Transfer. He reviewed the logistics and property details and noted
6 the property is located on Whidbey Island approximately 2 miles south of Oak Harbor and has
7 scenic views of the water to the east. The transfer will be made to Island County to use for
8 public open space or recreation purposes.

9
10 MOTION: Dan Bernardo moved to approve the Scenic Heights Trust Land Transfer.

11
12 SECOND: Jon Kaino seconded.

13
14 ACTION: Motion passed unanimously.

15
16
17 Camp Bonneville Section 36 # 02-081554 (Handout #5)

18 The Department of Natural Resources proposes to transfer 640 acres, more or less, of Common
19 School Trust property located in Clark County to Clark County. Proceeds from the timber value
20 will be deposited into the Common School Construction Account. The land value proceeds will
21 be deposited to the Real Property Replacement Account and used to purchase replacement
22 property desirable for the Common School Trust. The property asset base of the Common
23 School Trust is improved by:

- 24 ▪ Disposing of property that is inefficient to manage for income.
- 25 ▪ Enabling replacement of the asset with property that has greater potential for income
- 26 production to provide future revenue to support public schools statewide.
- 27 ▪ Public trust benefits include transferring property to an agency to be held and managed
- 28 for public benefit.

29
30 The property is located approximately 12 miles northeast of Vancouver within Section 36,
31 Township 3 North, Range 3 East, W.M., in Pacific Cascade Region and lies within the Camp
32 Bonneville Military Reservation. The property is encumbered by a special use lease and
33 Lacamas Lake Drainage District. There are no improvements on the property. The property has
34 a prorated annual lease rental income of \$49,365. The market value of 15,298 mbf timber on
35 the property is \$3,361,000. The land is valued at \$1,344,000 for a total value of \$4,705,000.
36 The timber value is to be deposited to the Common School Construction Account to fund
37 construction of K-12 educational facilities, and the land value used to acquire other income
38 producing property for the Common School Trust. The property is included in the 2007-2009
39 Biennium Trust Land Transfer Program. Approval and funding for the transfer is authorized by
40 Washington Laws of 2008, Ch. 328, Section 3042, and RCW 79.17.200. Transfer will be by
41 quitclaim deed. Mineral rights will be retained by the Common School Trust. As specified by
42 legislation, permitted use will be restricted to fish and wildlife habitat, open space, or recreation
43 purposes.

1 Evert Challstedt, Property and Acquisition Specialist and Rich Scrivner, Planning Manager, Real
2 Estate Group approached the Board to present the Camp Bonneville Section 36 transaction.
3 This property is leased land within the Camp Bonneville Military reservation. Mr. Challstedt
4 reviewed the location and property details. He noted that the remaining state land that is leased
5 to the military is still in the appraisal process and will be presented later in the biennium.

6
7 Mr. Scrivner provided history on the property. He explained that the military reservation was
8 established in 1909. In 1955 the Department submitted 820 acres into a lease with the U.A.
9 Army as supplemental to the existing military reservation. In 1991 a new lease was created with
10 the Army, the annual lease payments were \$22,225. At the end of the 5-year lease there were
11 disagreements about the value of the property so the lease went into default status. In 2001 a
12 new lease was created under the precept that the Army was going to purchase the property. In
13 order to secure federal funding the Army needed to be under a lease in good standing, and
14 there needed to be a lease that did not have any default aspects to it. In addition to entering into
15 the new lease the Army also paid the lease payments from 1996 forward. The property was
16 jointly appraised. In 2002 the Army notified the Department that they were interested in
17 transferring their ownership of 3,100 acres, adjacent to the Department's 820 acres, to Clark
18 County. This began a relationship with nine other agencies. In 2006, the Perspective Purchaser
19 Consent Decree was entered into and signed by Department of Ecology (DOE), the Governor's
20 Office, the Bonneville Conservation Restoration Renewal Trust, and Clark County. The decree
21 defined the parameters for cleanup. The agreement had to be approved by the Clark County
22 Superior Court, which happened on October 13, 2006. Critical aspects to the decree were the
23 termination of the Army's lease and a new lease with Clark County. Clark County is the current
24 lessee.

25
26 Mr. Challstedt explained that the property was appraised under three conditions: 1) the 'as-is'
27 condition, 2) the condition it will be when cleaned, and 3) the condition it would be in if never
28 encumbered by the military reservation. The appraiser determined that no one would purchase
29 the property in its current condition, therefore the 'as-is' value was determined to be zero. It
30 was discovered that the agreement between DOE and the county was to clean only portions of
31 the property, namely the roads and trails. The remainder of the property would be fenced and
32 placed off limits to public access. The appraiser determined that the timber could not be
33 harvested due to metal in the trees and unexploded ordinances on the ground, therefore the 'as
34 cleaned' value was a minimal \$490,000. The appraiser determined that the value of the property
35 had it never been impacted would be \$4.705 million including \$3.361 million for timber and
36 \$1,344 million for land. The Department is asking the Board, as the Board of Appraisers, to
37 approve the market value for the property as if the property had not been impacted by the
38 army. The Department realizes that it cannot control the cleanup, and the cost to complete a
39 total cleanup would be insurmountable. The property will be transferred to Clark County to be
40 held and managed with a restriction on the deed to be managed for fish and wildlife habitat,
41 open space, or recreation purposes.

42
43 Chair Sutherland asked if Clark County assumes the liability for the materials on the property.

44
45 Mr. Scrivner replied that according to the consent decree they do.

1
2 Jon Kaino asked if Clark County is willing to pay the \$4.7 million dollars for the property.

3
4 Chair Sutherland explained that the county is only paying the rent as this transaction is a trust
5 and transfer so it is money coming from the state capitol fund. Clark County receives the land
6 and the lease terminates, so the County receives 640 acres of lands that have a liability that
7 goes along with it.

8
9 Mr. Challstedt explained that the land is within the county's re-use area. The county proposes
10 camping and day use on the uncontaminated portions of the property. The eastern portion of
11 the property would be used for habitat.

12
13 Mr. Scrivner noted that in 2005 Clark County prepared and submitted a draft master plan for re-
14 use of this property; portions of the plan have been adjusted in response to the cleanup efforts.
15 The County is within two months of submitting their final master plan for the re-use of the
16 property. In addition, the DOE has two full-time employees assigned to the property and two
17 contract managers in charge of the cleanup efforts.

18
19 Bob Nichols asked if the effort is the whole impact area or just the part within state lands.

20
21 Mr. Scrivner replied that the central impact area will be evaluated, studied and cleaned as well
22 as other areas that have been previously identified as small target ranges or possible
23 ammunition dump sites.

24
25 Mr. Nichols asked if the clean up effort is limited to the target impact area.

26
27 Mr. Scrivner pointed out the cleanup areas on the map. He indicated that it includes roads and
28 trails.

29
30 Mr. Nichols asked if the boundaries are well defined.

31
32 Mr. Scrivner said that it is a well-defined boundary but as Clark County applies its grid system it
33 will learn more. He said the area will be completely fenced off to allow the cleanup efforts to be
34 confined.

35
36 MOTION: Dan Bernardo moved to approve the Camp Bonneville Section 36 Transfer.

37
38 SECOND: Bob Nichols seconded.

39
40 ACTION: Motion passed unanimously.

41
42 Spokane 16 Transaction Direct Transfer # 02-81794 (Handout #6)

43 The Department of Natural Resources proposes to convey by direct transfer to City of Spokane,
44 two parcels totaling 0.81 acres, more or less, of Common School Trust property located in
45 Spokane County within the City of Spokane. The proceeds from the transfer will be used to

1 purchase replacement property desirable for the Common School Trust. The property asset
2 base of the Common School Trust is improved by:

- 3 ○ Disposing of property that is inefficient to manage for revenue,
- 4 ○ Enabling the replacement of the trust asset with property that has greater potential for
5 increased revenue production and other possible benefits.

6
7 The parcels are both within the city limits. The vacant parcel is located at 2222 E. Cataldo
8 Avenue and the duplex is located at 1912 E. Sharp Avenue. Both parcels are located in Section
9 16, Township 25 North, Range 43 East, W.M., in the Northeast Region. There are state-owned
10 improvements on one parcel consisting of a duplex. Present income is \$3,619 per year for
11 duplex rent. The market value of the property is \$243,000. The terms of the sale are cash. The
12 transfer is authorized by RCW 79.17.200. Conveyance of title will be by quitclaim deed. Mineral
13 rights will be reserved in the Common School Trust. The property is being purchased for low-
14 income housing. The duplex will be renovated and the vacant lot will be the site of new
15 construction.

16
17 Debi Van Buren, Program Specialist approached the Board to present the Spokane 16
18 Transaction Direct Transfer. She explained that the City of Spokane plans to use the property
19 for low income housing. The common school trust has two parcels: one with a duplex and one
20 a vacant lot. She reviewed the logistics and gave a history of the property; section 16 was
21 originally acquired at statehood and platted into lots and blocks in 1892. The first deeds were
22 issued in 1911 and the last sale was in 1995. These are the last two state owned parcels
23 remaining in the plat. The duplex resulted from a trespass in the early 1980s. The developer
24 had a deed with this lot identified and was insured by the title company. The title company had
25 to pay the developer for his improvement costs and the cost of the lot. The Department retained
26 ownership of the lot and inherited the duplex which has been managed for the Common School
27 Trust since the 1980s. She reviewed the valuation summary. The Department does
28 recommend the transfer to the City of Spokane.

29
30 Bob Nichols asked if this transfer involves both properties.

31
32 Ms. Van Buren replied that it does.

33
34 Jon Kaino asked if this is a direct payment from the city.

35
36 Ms. Van Buren replied that it is.

37
38 Mr. Bernardo asked if this allows greater management efficiency since there would be no other
39 properties in Spokane.

40
41 Ms. Van Buren replied that the Department is not equipped to manage duplexes and the vacant
42 lot is most often used as a dumping site, so it costs more to manage because it doesn't produce
43 any income.

44
45 Mr. Bernardo noted that the duplex earns the Department a 9 percent annual return which is
46 more than most assets in the Department's portfolio.

Chair Sutherland said that the age of the duplex is reaching the point where reinvestment and improvements would be an erosion to the return.

Ms. Van Buren said that the duplex does need extensive renovation.

MOTION: Bob Nichols moved to approve the Spokane 16 Transaction Direct Transfer.

SECOND: Jon Kaino seconded.

ACTION: Motion passed unanimously.

Lower Buck Creek #1 – Jessup #08-082096 (Handout #7)

The Department of Natural Resources proposes to purchase 20.58 acres, more or less, of real property owned by John Jessup and Rebecca Swartzentruber, located in Klickitat County. The purpose of this purchase is to acquire working forestlands at risk of conversion to non-forest use. Benefits to the trusts are:

- The Common School Trust will acquire property that has income production potential.

The property is approximately 10 miles northwest from White Salmon and is within Section 35, Township 4 North, Range 10 East, W.M., in Southeast Region. Purchase price is \$218,000. This property is being purchased per legislative direction under RCW 79.17.210 and within the appropriation provided in Section 3043, Chapter 328, Washington Laws of 2008 which amends Section 3214, Chapter 520, Washington Laws of 2007. This legislation provides an opportunity to acquire this 20+ acre edge holding in a 28,000± acre block of trust land at market value, which would not be available at forestland value. Acquisition of this property meets the "at risk of conversion" conditions outlined in Section 3043. Conveyance of title will be by Statutory Warranty Deed and title insurance will be provided by the seller. The State will acquire mineral rights.

Debi Van Buren, Program Specialist, and Pete Stocks, the Klickitat General Manager, approached the Board to present the Lower Buck Creek #1 – Jessup purchase. Ms. Van Buren reviewed the details of the transaction and the property logistics. She noted that the property is a site class 3 forest land class with merchantable timber and "reprod," which is young timber not of merchantable age and can range from newly planted up to 30-40 years old.

Chair Sutherland explained that site class 3 refers to the soil condition and the growth capability of the land.

Ms. Van Buren explained the property is zoned resource lands which in Klickitat County means one home site per 20 acres. She reviewed the valuation summary, noting that the fair market values did not change because it can be a home site. The property had recently sold for \$11,000 per acre, the current appraisal is \$218,000 which the seller agreed to. The difference in the value of the development rights is \$206,000. Because the Department will be using it as forestland, the difference is significant. Based on the 'at-risk of conversion' authority under

1 which the Department is purchasing the property, the Washington Legislature will make up the
2 difference in a future session.

3
4 Chair Sutherland asked if the legislature had indicated that it will do so.

5
6 Ms. Van Buren confirmed that the Legislature had indicated that (making up the difference) will
7 be the case.

8
9 Chair Sutherland asked why it is important that this particular piece of property is residential or
10 not.

11
12 Mr. Stocks replied that the property supplies access to the Husum block and is also the
13 municipal watershed for the city of White Salmon. There are other lands to the south that the
14 Department is attempting to acquire, and this piece would provide the main access to those
15 properties. He said the real estate market in Klickitat County is very strong and the added
16 recreational opportunities have created a booming housing market. This piece and the others
17 the Department is trying to acquire would grant total access to DNR lands above it. He
18 identified the property boundaries on a map.

19
20 Chair Sutherland asked if this is an access issue.

21
22 Mr. Stock replied that it is.

23
24 Mr. Kaino asked about the prior sale for \$11,000 per acre.

25
26 Ms. Van Buren said that it had sold for \$11,000 an acre a year ago. The owners are retaining a
27 portion of what they purchased and will be building on it.

28
29 Chair Sutherland asked if they purchased more than the twenty acres.

30
31 Ms. Van Buren replied that they had. They are only selling the 20 acres which includes the
32 access points that the Department wants.

33
34 Mr. Nichols asked what the benefits of the easement areas are.

35
36 Mr. Stock pointed out that the red area located on the map (displayed to the Board) is the area
37 the Jessup's are going to retain.

38
39 Ms. Van Buren explained that the Department is granting the Jessup's access to the area they
40 are retaining but the Department will obtain ownership of the road.

41
42 Mr. Kaino asked if this will be important for the Department to maintain access for forestry use in
43 the 8,000 acre block.

1 Mr. Stock said that the Department is in negotiation with other owners to the south to purchase
2 property that will allow access in the heavily recreated area. This is also a haul route for timber
3 so houses on that road would have a large impact.

4
5 MOTION: Jon Kaino moved to approve the Lower Buck Creek #1 – Jessup Purchase.

6
7 SECOND: Dan Bernardo seconded.

8
9 ACTION: Motion passed unanimously.
10

11 **CHAIR REPORTS**

12 Annual Board Retreat Update

13 Chair Sutherland reminded the Board that the annual Board retreat will be held August 12 and
14 13 in the Southeast Region. The Board will be touring orchards, vineyards, wind farms and
15 agricultural lands. Due to repairs at the Olympia airport, the Department plane will leave from
16 Shelton. Board members will fly into the Richland area where they will spend the night at the
17 Richland Marriott. They will tour north, along the Columbia River, and the tour will end at a wind
18 farm in Vantage. Board members will fly back to Shelton from Ellensburg. Chair Sutherland
19 invited Mr. Bernardo to point out any items to the agenda that he'd like to Board to see.

20
21 Mr. Bernardo asked if the Board would be visiting the Red Mountain project.

22
23 Chair Sutherland replied that they would. He reviewed a short draft itinerary of the places the
24 board will visit during the tour.

25 26 **PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST**

27 None

28
29 Meeting adjourned at 10:24 a.m.

Approved this 2nd day of September, 2008



Doug Sutherland, Commissioner of Public Lands



Bob Nichols for Governor Christine Gregoire



Terry Bergeson, Superintendent of Public Instruction



Jon C. Kaino, Commissioner, Pacific County



Bruce Bare, Dean, University of Washington



Daniel J. Bernardo, Dean, Washington State University

Attest:



Bonita Hill, Board Coordinator